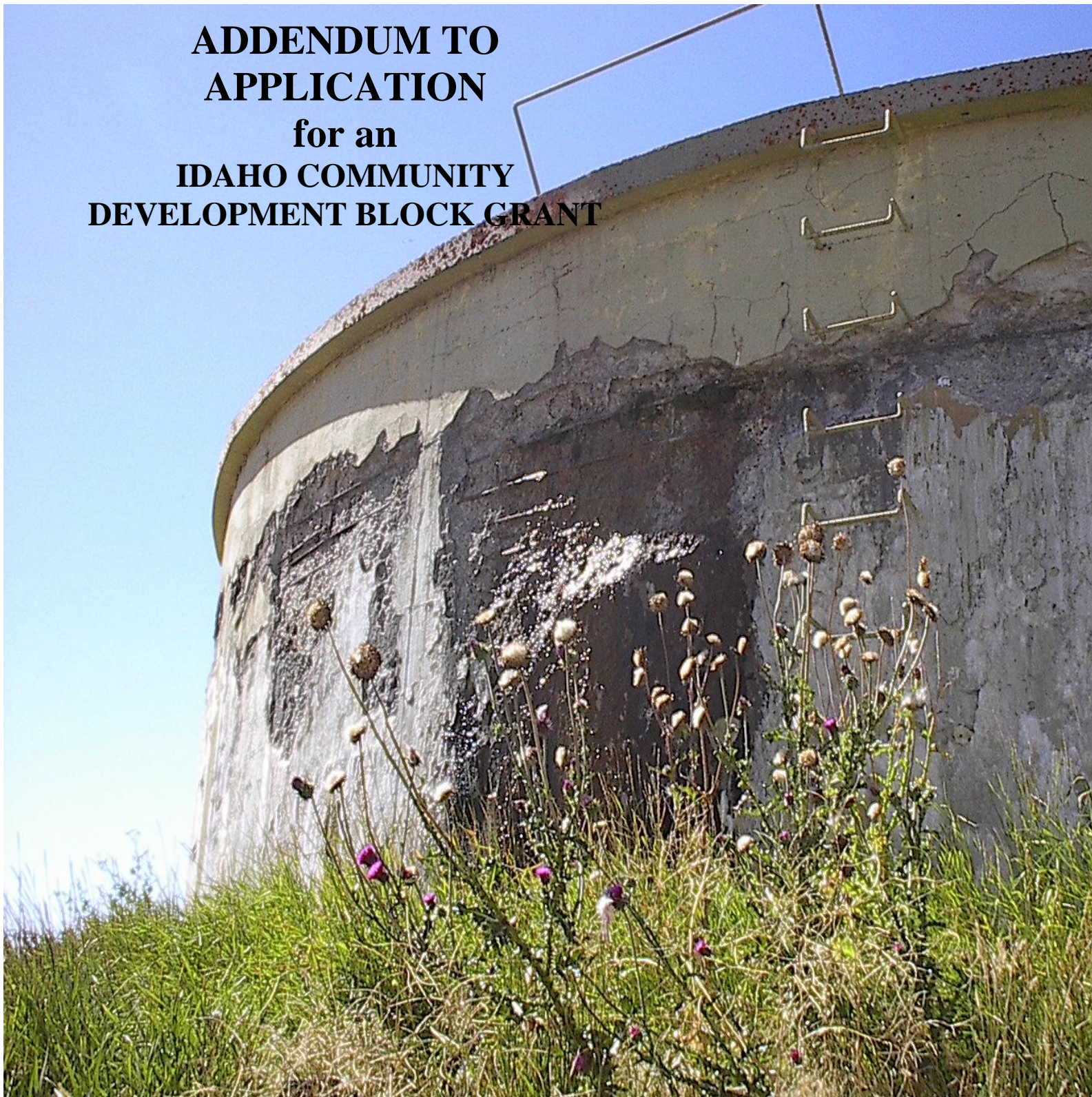


**ADDENDUM TO  
APPLICATION  
for an  
IDAHO COMMUNITY  
DEVELOPMENT BLOCK GRANT**



**by the  
CITY OF GRACE  
March 5, 2010  
Mayor Charles Titcomb**





## CITY OF GRACE

Mayor-Charles Titcomb  
Council Members-  
Mdon Pack  
Kim Christensen  
Curtis Thomas  
Loretta Holt



Superintendent-Wayne Bredhoff  
City Clerk-Wendy Anderson  
Deputy City Clerk-Jarvis Painter

February 23, 2010

Director, Don Dietrich  
Idaho Department of Commerce  
P.O. Box 83720  
Boise, ID 83720-0093

Dear Director Dietrich:

The City of Grace respectfully submits this addendum to our application for an Idaho Community Development Block Grant. We are very excited about the water improvement project and the opportunity the Department of Commerce can give to us. Our current funding situation will land our poor little community with a \$56.00 user fee. Our target was \$51.00. We didn't make that goal. But, if you grant our request for a \$500,000 block grant, the City will be able to lower the monthly user fee from \$56.00 per user per month to \$52.86. We conducted a door-to-door survey and found that our low-to-moderate income rate is 55%. Even with this high percentage of need, our little City passed a bond on November 3, 2009, with an 85% pass ratio.

The Idaho Department of Environmental Quality has issued the City a deficiency because our water distribution system fails to meet state and federal safety requirements. Our project is completely funded, the environmental review is completed and approved, the bidding process is complete and our construction contractor is under contract.

The preconstruction conference has been held and construction is expected to begin on March 15<sup>th</sup>. It is our hope that the Idaho Department of Commerce will recognize the need we have and our willingness to step up to the plate and shoulder our responsibilities. This project will make seriously-needed improvements to the water delivered to the city residents, will bring the system into compliance with state and federal regulations and will allow us a user fee that is difficult but reasonable for the small city of Grace, Idaho.

We very much appreciate your concern and attention to our grant request.

Sincerely,

Charles Titcomb  
Mayor, City of Grace

108 East Center Street-PO Box 288- (208) 425-8533-Fax (208) 425-9098  
citygrace@icccidaho.net

## Addendum Checklist

Information and Documentation that is required  
to be submitted with the Addendum

✓ if completed.

- ☒ Cover letter, addressed to the department director.
- ☒ Submit an updated:
  - ☒ Application Information Page.
  - ☒ Budget Page with the approved line-items.
  - ☒ EAC Briefing Page.
  - ☒ Detailed Cost Analysis Page. Justify contingency percentages above 10%.
  - ☒ Project and Schedule Page. Re-examine the project schedule to ensure all actions, permits, winter shutdown, acquisition and reviews have been determined and scheduled. schedules are evaluated and scored on how realistic they are.
  - ☒ Design Professional Cost Estimate. The design professional must identify that estimates and plans are current.
- ☒ Provide written evidence of the community's ability to secure the local and other match committed to the project. This must be a letter or contract from the entity providing the match. If the community has passed a bond, provide a commitment letter from the purchasing entity which stipulates the date of purchase and purchase amount.

**Note:** Without this documentation, match will not be counted for project ranking.
- ☒ Provide documentation of clear title and the value of any property that has been purchased.
- ☒ Provide pro forma or underwriting assessment by the lending agency on how rates were determined for a sewer and water system projects. Show the difference in the rate with ICDBG funding and without ICDBG funding. Clearly state whether or not the new rates have already been adopted. If they have not been adopted, include a timeline for implementing them.
- ☐ Provide pro forma or underwriting assessment by the lending agency on how loan amounts were determined for a fire station or infrastructure to housing projects. *Not Applicable*
- ☒ Provide documentation that a Fair Housing Resolution has been adopted and publicly advertised before the addendum deadline of March 5, 2010.
- ☒ Identify in writing any changes to the project's scope of work from the original application.

- ☒ Answer the questions and provide documentation to the questions on the cover letter.
- ☒ Provide documentation that the City has adopted the International Building Code.
- ☒ Provide documentation of grant administrator selection evaluation.
- ☒ Provide City's most recent audit.
- ☒ Provide documentation of IDEQ funding commitment to project.
- ☒ Provide documentation of ICDBG agreement between owner and design professional.

## ICDBG APPLICATION INFORMATION FORM

**Applicant:** City of Grace **Chief Elected Official:** Charles Titcomb  
**Address:** P.O. Box 288 Grace, ID 83241 **Phone:** (208) 425-3533  
**Sub-recipient (if applicable):** N/A **Chief Elected Official:** \_\_\_\_\_  
**Address:** \_\_\_\_\_ **Phone :** \_\_\_\_\_  
**Application Prepared by** Kathleen Lewis, SE Idaho Council of Gov **Phone:** 208-233-4032 ext. 26  
**Address:** P.O. Box 6079, Pocatello, ID 83205-6079  
**Architect/Engineer/Planner:** Brian Deeter, J-U-B Engineers, Inc. **Phone:** (801) 547-0393  
**Address:** 466 North 900 West, Kaysville, UT 84037

### NATIONAL OBJECTIVE (MARK ONE)

☒ LMI Area      ☐ LMI Clientele  
☐ LMI Jobs      ☐ Slum & Blight  
☐ Imminent Threat

### PROJECT TYPE (MARK ONE)

☒ Public Facility/Housing      ☐ Community Center  
☐ Economic Development      ☐ Senior Center  
☐ Imminent Threat      ☐ Other

### PROJECT POPULATION TO BENEFIT (PERSONS): ☒ Survey

**TOTAL # TO BENEFIT:** 969

**TOTAL # LMI TO BENEFIT:** 533

**% LMI TO BENEFIT:** 55%

**% MINORITY POPULATION:** 7%

### PROJECT DESCRIPTION:

This project replaces the distribution lines, replaces and adds fire hydrants and installs meters for everyone on the system. There are 56,000 linear feet of distribution line that will all be replaced.

SOURCE	AMOUNT	DATE APPLICATION SUBMITTED	RESERVED/ CONDITIONAL AWARD	FUNDS COMMITTED/ CONTRACT AWARD DATE	DOCUMENTATION IN APPENDIX
<b>ICDBG</b>	\$500,000				
Local Cash	36,000			Nov/09	#7 in application
Local In-Kind**	None			None	NA
IDEQ Grant	1,925,000			12/30/09	Exhibit 8
IDEQ Loan	2,335,409			12/30/09	Exhibit 8
IDEQ Study	18,150			04/03/08	#7 in application
State Grant	None				
Foundation	None				
Private	None				
<b>TOTAL PROJECT FINANCING</b>	<b>\$4,814,599</b>				

\*Identify Loan Source(s): IDEQ is providing a grant of \$1,925,000 and a bond/loan up to a maximum of \$2,894,851. With the Block Grant, the City will utilize the bond/loan for an amount of \$2,335,409. Date Passed 11/3/09 with 85% pass rate.

\*\*Describe In-Kind Match by type and amount (i.e., materials, labor, waived fees, land value) and amount: None

**BUDGET**  
CITY OF GRACE  
WATER DISTRIBUTION PROJECT

	<b>Block Grant</b>	<b>DEQ Study Grant</b>	<b>DEQ Grant</b>	<b>DEQ Bond Loan</b>	<b>City Cash</b>	<b>Total</b>
Planning					13,000	13,000
Facility Plan		18,150			18,150	36,300
Administration*	50,000		115,000	120,000		285,000
Design Professional**	100,000		267,834	100,000		\$467,834
Construction***	350,000		1,542,166	2,115,406		4,007,575
Legal and Audit					4,850	4,850
<b>Total</b>	<b>500,000</b>	<b>18,150</b>	<b>1,925,000</b>	<b>2,335,409</b>	<b>36,000</b>	<b>\$4,814,559</b>

\*Administration: IDEQ loan dollars in administration are all funded by the American Reinvestment and Recovery Act. These funds require additional administration. Costs of additional administration are reflected in this budget.

\*\*Professional Design: This line item includes the engineering services of \$467,834 and a construction observation cost of \$281,000.

\*\*\* Construction: The construction costs include construction for distribution, fire hydrants, meters and a 15% contingency of \$486,075.

The 15% contingency was explained by the Project Engineer, Brian Deeter; "I think 15% would be appropriate on this project given the complexity and uncertainty of replacing the existing lines in the narrow alleyways. There is also some uncertainty regarding the amount of rock excavation that will ultimately be required."

# **BUDGET NARRATIVE**

## **Government Funding**

1. \$500,000 Idaho Department of Commerce
2. \$18,150 IDEQ Study Grant
3. \$1,925,000 IDEQ Grant
4. \$2,000,000 IDEQ Loan

1. The City hopes to fund a portion of the project with Block Grant funds in the amount of \$500,000.

2. The Department of Environmental Quality awarded the City a grant in the amount of \$18,150 to help fund the Water Study. See Grant Application Appendix 7 for Letter of Award and Grant Agreement Amendment.

3. The Idaho Department of Environmental Quality is providing a large grant of \$1,925,000. Documentation is located in the attached Exhibit 8. Please see the loan offer agreement amendment for this documentation.

4. The Idaho Department of Environmental Quality is funding the project with a loan of \$2,335,409. See documentation in the attached Exhibit 8. Please see the loan offer agreement amendment for this documentation.

## **Local:**

1. \$36,000 City Cash

- a. Planning costs of \$13,000
  - \$5,000 for Project Development
  - \$5,000 for Grant Writing
  - \$3,000 for IDEQ Environmental Review
- b. Cash match of \$18,150 for IDEQ Water Study Grant
- c. Legal and audit costs of \$4,850

- 2.. \$4,248,626 bond (to be purchased as needed; much of this bond will not need to be used)

### **Notes:**

Planning costs of \$13,000, consists of development work required to bring the project to its current stage. This includes some environmental work, grant writing, organizing resources, procurement services and more. See Appendix 7 of the Grant Application for documentation.

Cash match of \$18,150 consists of the match required for the facility study grant. Documentation is in Appendix 7 of the Grant Application. IDEQ support letter is available in Grant Application Appendix 12.

Legal and audit costs of \$4,850 are anticipated. Legal fees have already been paid by the City.



## **ECONOMIC ADVISORY COUNCIL**

The City met the IDEQ deadline for ARRA funding; consequently IDEQ is forgiving \$1,925,000. The IDEQ goal for the city was to forgive enough loan dollars to bring the average user rate to \$51.00 per EDU. IDEQ was short of funds and as a result, was able to bring the user fee down to only \$56.00. That amount is still too high. The Block Grant will bring the cost down to \$52.86, much closer to the \$51.00 goal.

This project will replace 56,000 linear feet of distribution line, replace fire hydrants and install individual water meters. At present the distribution system fire hydrants provide as low as 500 gallons per minute in some parts of town. The minimum required fire flow is 1000 gallons per minute. This discrepancy puts the City in a very unsafe situation. The Department of Insurance Fire Marshall has expressed great concern for the situation. The Idaho Department of Environmental Quality has issued a deficiency against the City for undersized pipes. The distribution lines are antiquated (constructed in the 1950's) with 85 percent asbestos-cement pipe; 46 percent of the pipes are 4 inches or smaller. These pipes are dangerous not just because most of them are too small but also because they are fragile. These fragile pipes break often and when they break, system users can be exposed to asbestos along with City employees who have to work on the system. The crew spends approximately 30 days in the spring and summer repairing pipes in the distribution system. This project will provide the City with the badly needed fire flow increase to protect residents, homes and buildings. The project also brings the distribution system into regulatory compliance.

There are no individual water meters on the system to encourage water conservation. Currently, the City tries to create controls by charging different rates for different pipe sizes and type of use. The line breaks also cause a lot of wasted water. Citizens at the Open Houses talked about water running on the lava beds and how disturbing it is to see this waste. This project will replace those leaking pipes and also add meters to the system so that citizens can be charged according to usage. There will be a base rate for a low amount of water usage somewhere in the neighborhood of 5,000 gallons and additional costs will be charged for each additional 1,000 gallons used.

The project cost is \$4,814,559. This is a huge project for such a small community. This little community has a 55% low-to-moderate income ratio. Even so, the citizens are in full support of the project. They passed a very large bond on November 3, 2009. City leaders worked very hard helping citizens understand the project. Public hearings and Open Houses were held in July and October of 2009. The election return showed an astounding 85 percent pass ratio.

Many of the citizens are out of work or working low income or part-time jobs. A survey was conducted and proved the City leaders to be correct. The LMI rate for the City of Grace is 55 percent.

The project has been bid, awarded and is fully funded. The environmental is approved and the Block Grant will make the project financially achievable for the City of Grace.

## DETAILED COST ANALYSIS

1. Have preliminary plans and specs been submitted to regulatory agencies for review? ☒ Yes ☐ No  
 If yes, list date submitted: September 2008, approved 2009  
 If no, list expected date to be submitted: \_\_\_\_\_
  
2. Has final design (for bidding) begun? ☒ Yes ☐ No  
 If yes, % complete: 100%  
 If no, what is expected start date: \_\_\_\_\_
  
3. Will project include bid alternatives to meet project budget as necessary? ☒ Yes ☐ No
  
4. Are Davis Bacon wage rates applicable? ☒ Yes ☐ No  
 If yes, are they included in the project costs? ☒ Yes ☐ No
  
5. Have known environmental measures been included in project budget? (ex. dust mitigation, archeological survey, storm water drainage, wetland mitigation, etc.) ☒ Yes ☐ No  
*Construction activity will be limited during normal working hours to reduce noise impacts; Dust will be mitigated by using watering equipment. A boring will be used to cross the canal identified as wetlands to eliminate the potential impact.*
  
6. List the last date the owner and design professional discussed project design and details. Date: 2/3/2010  
  
*Engineer reviewed bid results with City Council and recommended award of the construction contract to the low bidder.*
  
7. See Engineer's Cost Estimate in Exhibit 3.
  
8. Contingency Great than 10%:  
 The 15% contingency was explained by the Project Engineer, Brian Deeter; "I believe 15% would be appropriate on this project given the complexity and uncertainty of replacing the existing lines in the narrow alleyways. There is also some uncertainty regarding the amount of rock excavation that will ultimately be required."

<b>PROJECT SCHEDULE</b>		
<b>Project Activity</b>	<b>Date (to be) Completed</b>	<b>Documentation in Appendix</b>
Design Professional Contract Executed	January 2009	Exhibit 8
Grant Administration Contract Executed	August 16, 2007	Appendix 2 in Application
Environmental Release -- IDEQ	October 07, 2009	Appendix 5 in Application
Bid Document Approval	January 2010	Certification, Appendix 1
Plan Approval	January 2010	Funding Offer, Exhibit 8
Bid Opening	February 03, 2010	Bid Tabulation, Exhibit 1
Construction Contract Executed	February 17, 2010	Contract, Exhibit 2
Start Construction	(March 15, 2010)	NA
Construction 50% Complete	(July 15, 2010)	NA
Second Public Hearing	(June 18, 2010)	NA
Construction 100% Complete	(October 01, 2010)	NA
Update Fair Housing Plan	(August 2010)	N/A
Fair Housing Published	April 09, 2009	Affidavit, Exhibit 4
Update 504 Review and Transition Plan	(August 20, 2010)	NA
Certificate of Substantial Completion	(October 1, 2010)	NA
Final Closeout	(November 15, 2010)	NA

## **DESIGN PROFESSIONAL COST ESTIMATE**

See Exhibit 3 for the engineer's cost estimate.

## **FUNDING**

### **Ability to Secure Local and Other Match**

IDEQ has officially committed complete funding to the project. The original Loan Offer was made December 30, 2009. Pages 1, 2 and 11 (signature page) are attached in Exhibit 8. In order to secure ARRA dollars with substantial loan forgiveness, the engineering firm had to have the distribution phase of the project under contract by February 17, 2010. That date was met and on February 17, 2010, IDEQ sent the attached ARRA loan amendment to the City reflecting the loan contract changes. This loan offer agreement amendment was signed by Tom Hardesty, the director of the Department of Environmental Quality, on February 16, 2010. See documentation in the form of the IDEQ letter dated February 17, 2010, and the Loan Offer Agreement Amendment dated February 16, 2010, in Exhibit 8.

The project is fully funded; however, the type of funding falls short of the \$51.00 user fee goals. The existing funding leaves the City with a \$56.00 user fee. That fee is too high for the City of Grace. DEQ has determined that the City of Grace should pay \$51.00 per month. The Block Grant will bring the fee down to \$52.86. A copy of the Public Hearing poster in Exhibit 8 shows the targeted \$51.00 user fee. Please notice that the user fee in October and November 2009, the times of the pre-bond election open houses, was \$80.00. The loan

repayment if Block Grant funding is provided, makes a difference of \$1,495.95 per month. The 477 EDU's would mean a difference of \$3.14 per EDU. With the LMI at 55% that means a lot to the City of Grace.

Please see the following documentation in Exhibit 8:

- Certified mail letter dated February 17, 2010, from IDEQ re: Drinking Water Loan Offer Amendment
- Loan Offer Agreement Amendment
- Original IDEQ Loan Offer pages 1, 2 and 11.
- What Will This Cost Us? copy of public hearing chart showing DEQ \$51.00 target fee
- Loan Calculator showing \$500,000 at .05% means monthly payment of \$1495.95.

## **PROPERTY**

No property has been purchased for this project.

## **DETERMINATION OF RATES**

Pro forma or Underwriting Assessment

*Provide pro forma or underwriting assessment by the lending agency on how rates were determined for a sewer and water system projects. Show the difference in the rate with ICDBG funding and without ICDBG funding.*

The City of Grace Block Grant Application Appendix 13 demonstrates that USDA, a lending agency at the time of the application, provided a pro forma or underwriting assessment on rates for the City of Grace. USDA is not now a funder in the project. The entire project, less the Block Grant amount of \$500,000, is being funded through IDEQ using ARRA and IDEQ SRF funds. IDEQ does not release its underwriting documents but the user rates are determined by a formula. DEQ uses a target amount of 1.5% of the community's median household income. For the City of Grace that amount is a \$51.00 user fee. When asked additional questions, IDEQ responded that the fee is based upon a questionnaire response sent by the City of Grace to IDEQ in April/March of 2009 and this also influenced the repayment terms for the new loan.

The project is fully funded; however the type of funding falls short of the \$51.00 user fee goals. The existing funding leaves the city with a \$56.00 user fee. That fee is too high for the City of Grace. IDEQ has determined that the City of Grace should pay \$51.00 per month. IDEQ planned to forgive enough loan dollars to bring the fee to \$51.00 but funds ran short and forgiveness to only \$56.00 was possible. The Block Grant will bring the cost down to \$52.86. A copy of the Public Hearing display showing the targeted \$51.00 user fee is included in Exhibit 8. Please notice that the user fee in October and November, the times of the pre-bond election open houses, was \$80.00

In anticipation of the need for higher user fees connected to the water improvement project, the City Council raised rates in August 2008 from \$31.00 to \$36.00. The existing rate is \$36.00. The

City Council is discussing whether the rates should be increased in one step or several steps over time. At the time of this addendum, the city has the decision under consideration. It is important to City leaders that this be executed in a manner that best serves the citizens. The new rates will be adopted by the end of construction of the project, October 2010.

The City of Grace has made great strides in bringing the user fees down. It is crucial that the Block Grant be awarded. This will reduce the loan funds by \$500,000 and bring the user fee down to a reasonable amount.

Included in Exhibit 8 is a loan calculator sheet. This calculator sheet shows that the Block Grant will reduce the monthly payment for the city by \$1,495.95. With 477 EDUs, that is an impact of \$3.13 per user. That money will mean a great deal to this city with an LMI of 55%.

## **FAIR HOUSING**

The Fair Housing Resolution was adopted on April 15, 2007 and most recently published on April 9, 2009. Documentation that this requirement was met can be seen in Exhibit 2.

## **SCOPE OF WORK**

There are no changes to the scope of work of this project.

## **ADDITIONAL QUESTIONS**

The city of Grace has been asked to respond to five questions presented by the Idaho Department of Commerce. The questions and responses are listed below with appropriate references to exhibits that provide documentation.

- Has the City adopted the International Building Code? Provide documentation in the addendum.

In November 2009 the City made the decision to adopt the International Building code as it relates to the City. (See meeting minutes dated November 18, 2009, in Exhibit 5.) The elected officials charged the Planning and Zoning Commission the task of determining what will serve the best interests of Grace and should therefore be adopted into code. On February 17, 2010, the Planning and Zoning Commission presented the first three chapters to the City Council. Chapter 2 was adopted and additional chapters will be presented and adopted as the Commission presents them to the Council.

The City of Grace is careful about the decisions they make and approach all their responsibilities with care. It is unlikely the city will adopt the entire code. The council feels Grace is too small for the entire code to be relevant.

- Did the City document the evaluation process of all Grant Administration proposals? Provide documentation of Grant Administrator selection evaluation.

The City did document the evaluation process. The Grant Application included the solicitation process, a sample of the letters sent to qualified grant administrators, a copy of the three grant administrators to whom letters were sent including their company name and mailing addresses, a copy of the Request for Proposal for Administrative Purposes, a copy of the Proposal Solicitation Summary and a copy of the minutes selecting SICOG by accepting the Professional Services Contract. Because only one Certified Grant Administrator responded to the Requests for Proposal, no point evaluation sheet was required. A memo dated February 23, 2010, from the City of Grace documents this information and is included in Exhibit 6 along with the minutes dated August 7, 2007, wherein the contract with SICOG to serve as grant administrator was approved for signature.

- When was the City's last fiscal audit? Provide audit in addendum.

The last fiscal audit was for the year ended September 2009. The report is included as Exhibit 7.

- Has IDEQ officially committed funding to the project? Provide documentation of IDEQ funding commitment to project.

IDEQ has officially committed complete funding to the project. The original Loan Offer was made December 30, 2009. Pages 1, 2, 11 (signature page) are attached in the Exhibit 8. In order to secure ARRA dollars with substantial loan forgiveness, the engineering firm had to have the distribution phase of the project under contract by February 17, 2010. That date was met and on February 17, 2010, IDEQ sent the attached ARRA amendment to the City reflecting the loan contract changes. This Loan Offer Agreement Amendment was signed by Tom Hardesty, the director of the Idaho Department of Environmental Quality, on February 16, 2010. See documentation in the form of the IDEQ letter dated February 17, 2010, and the Loan Offer Agreement Amendment dated February 16, 2010 in Exhibit 8.

The project is fully funded; however, funding falls short of the \$51.00 user fee goals. The existing funding leaves the city with a \$56.00 user fee. That fee is too high for the City of Grace. IDEQ has determined that the City of Grace should pay \$51.00 per month. That fee is the result of an IDEQ questionnaire response sent to DEQ from the City in April/March of 2009 and the repayment terms for the new loan. The Block Grant will bring the cost down to \$52.86. A copy of the Public Hearing display showing the targeted \$51.00 user fee is attached. Please notice that the user fee in October and November, the times of the pre-bond election open houses, was \$80.00

The City of Grace has made great strides in bringing the user fees down. It is crucial that the Block Grant be awarded. This will reduce the loan funds by \$500,000 and bring the user fee down to a reasonable amount. Documentation is attached in the form of the Loan Calculator sheet which shows that the Block Grant will reduce the monthly payment for the city by



\$1.495.95. With 477 EDUs, that is an impact of \$3.136 per user. That money will mean a great deal to this city with an LMI of 55%.

- Does the Design Professional contract between the City and the Design Professional contain the ICDBG Supplemental Agreement between Owner and Design Professional? Provide documentation of ICDBG Agreement between Owner and Design Professional.

The Design Professional contract between the City and the Design Professional does contain the ICDBG Supplemental Agreement between Owner and Design Professional. Attachment 2 – Special Provisions of the contract is the Supplemental Agreement. Documentation in the form of the Agreement, signature page and Attachment 2-Special Provisions is included in Exhibit 9.